

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Liberty Utilities (CalPeco Electric) LLC (U933E) for Authority to among other Things, Increase its Authorized Revenues for Electric Service, Update its Energy Cost Adjustment Clause Billing Factors, Establish Marginal Costs, Allocate Revenues, and Design Rates, as of January 1, 2016.

Application 15-05-008  
(Filed May 1, 2015)

**DECISION AUTHORIZING A MEMORANDUM ACCOUNT****Summary**

Liberty Utilities, LLC (Liberty) filed this application for a Test Year 2016 General Rate Case (GRC). Liberty seeks an overall increase in rates totaling \$13.571 million annually or 17.34 percent over present rates, effective January 1, 2016. Liberty requests that the proposed increase be fully reflected in customers' rates effective January 1, 2016. Because the procedural schedule established for this proceeding does not anticipate a decision before the end of 2015, this decision authorizes Liberty to establish a memorandum account to record the difference between current rates as of December 31, 2015 and the final rates the California Public Utilities Commission will authorize to become effective for Liberty's Test Year 2016 General Rate Case.

**1. Factual Background**

On October 6, 2015, Liberty Utilities, LLC (Liberty) moved for authority to establish a general rate case (GRC) memorandum account. In its motion, Liberty

requests authority to establish a GRC Revenue Requirement Memorandum Account (GRC Memorandum Account) to track the difference between general rates in effect as of December 31, 2015, and the final rates the California Public Utilities Commission (Commission) will authorize to become effective in Liberty Utilities' current Test Year 2016 general rate proceeding. Liberty states that based on the established proceeding schedule the earliest possible date for the Commission to issue a final decision approving the change in rates would be in mid-to-late June. Liberty states its request is consistent with longstanding Commission practice, precedents, and policies. Liberty requests the Commission adopt the proposed GRC Memorandum Account Tariff attached to its motion as Exhibit A. Liberty's motion was unopposed.

On October 28, 2015, the assigned Administrative Law Judge (ALJ) issued a ruling (Ruling) authorizing Liberty to file a Tier-1 Advice Letter to establish a memorandum account but reserving the issue of how Liberty would recover the balance booked to this account for consideration in the GRC. On November 17, 2015, the Office of Ratepayer Advocates (ORA) moved for reconsideration of the ALJ's ruling. ORA has no objection to the establishment of the memorandum account but was concerned that the form by which it was authorized is insufficient to meet the requirements set forth by General Order 96-B, General Rules section 5.1(1)( and (2).

ORA's motion for reconsideration is granted. The October 28, 2015 ruling is rescinded. Although the Commission has authorized its regulated electric utilities to establish a memorandum accounts in the context of the prosecution of

their respective GRCs by ruling<sup>1</sup>, we see no harm in addressing ORAs concerns by authorizing Liberty to establish the requested GRC Memorandum Account through decision by the Commission.

The Commission has regularly authorized its regulated electric utilities to establish memorandum accounts in the context of the prosecution of their respective general rate proceedings. Establishing a GRC Memorandum Account allows the Commission to adopt a realistic procedural schedule that allows parties sufficient time for review and critical analysis of the record. It is too early to know how the proceeding will develop, including whether new issues, discovery disputes, settlements or other factors will impact the schedule. In order to allow sufficient time for Public Participation Hearings and Evidentiary Hearings, the current procedural schedule does not anticipate that a proposed decision could be issued before the end of this year.

Because the procedural schedule does not anticipate a decision before the end of 2015, we will authorize Liberty to establish a memorandum account to record the difference between the rates in effect on January 1, 2015 and the rates it proposes to be adopted in this proceeding for test year 2016. Establishing the memorandum account does not ensure recovery of the amounts recorded in the account, or any portion of the amounts.

Liberty utilities is authorized to establish a GRC Memorandum Account to be effective January 1, 2016, and to file a Tier-1 Advice Letter to include the GRC Memorandum Account tariff in the form set forth in Exhibit A to its Preliminary

---

<sup>1</sup> See Application (A.) 10-11-015. The March 1, 2011 Scoping Ruling granting authority to the regulated utility to establish a GRC Memorandum Account by filing a Tier-1 Advice Letter with the Commission.

Statement. The manner in which Liberty shall recover in rates the balance to be booked to the GRC Memorandum account shall be determined in the GRC decision resulting from A.15-05-008.

## **2. Waiver of Comment Period**

Pursuant to Rule 14.6(b) of the Commission's Rules of Practice and Procedure, all parties stipulated to waive the 30-day public review and comment period required by Section 311 of the Public Utilities Code and the opportunity to file comments on the proposed decision. Accordingly, this matter was placed on the Commission's agenda directly for prompt action.

## **3. Assignment of Proceeding**

Commissioner Liane Randolph is the assigned Commissioner and Katherine Kwan MacDonald is the assigned ALJ in this proceeding.

## **Findings of Fact**

1. The procedural schedule established for this proceeding does not anticipate that a proposed decision will be issued before the end of 2015.
2. No party objects to establishing a memorandum account as requested by Liberty.

## **Conclusions of Law**

1. It is reasonable to establish a memorandum account as described to process this matter without harm to any party due to the timing of a final decision.
2. The creation of the memorandum account does not, by itself, ensure recovery of any specific amount.

**O R D E R**

**IT IS ORDERED that:**

1. The November 17, 2015, Office of Ratepayer Advocates' Motion for Reconsideration is granted.
2. The October 28, 2015, Ruling Granting the Motion of Liberty Utilities (CalPeco Electric), LLC for Authority to Establish General Rate Case Memorandum Account is rescinded.
3. Liberty Utilities (CalPeco Electric), LLC is authorized to establish a memorandum account effective January 1, 2016 to track the difference in rates in effect on January 1, 2016 and the rates it proposes to be adopted in this general rate case for Test Year 2016.
4. Liberty Utilities (CalPeco Electric) LLC shall file a Tier-1 Advice Letter before December 31, 2015 to establish a General Rate Case Memorandum Account, to take effect on January 1, 2016, to track the differences between the general rates effective as of December 31, 2015, and the final rates authorized by the California Public Utilities Commission in this proceeding.
5. The establishment of this memorandum account does not predetermine that recovery of the amounts included in the memorandum account is reasonable or recoverable from ratepayers.
6. The Commission will address the disposition of the memorandum account in the final decision in this proceeding.
7. Application 15-05-008 remains open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.